LIVESTOCK SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

March 31, 2007

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Livestock Services Revolving Fund as at March 31, 2007 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred Wendel, CMA, CA
Provincial Auditor

Regina, Saskatchewan
July 5, 2007

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2007	2006
ASSETS		
Current Assets:		
Accounts receivable	$ 523,100	$ 448,673
Accumulated net recovery (Statement 3)	343,022	398,033
	$ 866,122	$ 846,706
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 492,060	$ 424,562
Unearned revenue	1,175	600
	493,235	425,162
Fund Equity:		
Accumulated operating surplus (Statement 2)	372,887	421,544
	$ 866,122	$ 846,706

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	Budget 2007 (Note 6)	2007	2006
REVENUES			
Livestock inspection fees	$ 2,751,950	$ 3,185,014	$ 3,430,197
Less: commissions	46,550	50,063	54,154
Net inspection fees	2,705,400	3,134,951	3,376,043
Registered livestock brands	140,000	150,025	164,400
Livestock dealer licences	42,000	41,500	39,100
Administration fees	40,000	40,000	40,000
Game farm inspection fees	19,250	10,350	10,850
SSPCA contract inspection	5,000	-	-
Brand books	-	4,845	20,712
Other revenue	650	2,516	2,358
Total Revenues	2,952,300	3,384,187	3,653,463
EXPENSES			
Salaries and benefits	2,459,200	2,775,503	2,528,847
Travel	386,100	426,172	423,226
Stationery	86,600	17,409	131,800
Telephone	68,100	62,143	60,647
Training and general consulting	46,600	35,092	66,577
Rental of office space and equipment	62,200	91,884	125,777
Other	47,900	24,641	53,523
Total Expenses	3,156,700	3,432,844	3,390,397
Net (Loss) Income	$ (204,400)	(48,657)	263,066
Accumulated operating surplus, beginning of year		421,544	158,478
Accumulated operating surplus, end of year (to Statement 1)		$ 372,887	$ 421,544

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
For the Year Ended March 31

	2007	2006
Financing required for (provided by) operating activities:		
Net (loss) income from operations	$ (48,657)	$ 263,066
Net (increase) decrease in working capital items related to operations (Note 5)	(6,354)	141,338
	(55,011)	404,404
Net (decrease) increase in financing requirements	(55,011)	404,404
Accumulated net recovery (expenditure), beginning of year	398,033	(6,371)
Accumulated net recovery, end of year (to Statement 1)	$ 343,022	$ 398,033

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2007

1. Authority and Definition

The Livestock Services Revolving Fund was established in 1996 pursuant to Section 17.1 of *The Department of Agriculture, Food and Rural Revitalization Act* (Act). The purpose of the Revolving Fund is to operate the livestock inspection program, the brand registration program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4) (d) of the Act.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 5. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirement is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from working capital changes, net capital acquisitions and net cash flows from operations.

b) Accumulated Net Recovery

The accumulated net recovery of the Revolving Fund includes the following:

i) the net increase (decrease) in financing requirements for each fiscal year; and

ii) the book value of assets acquired or disposed of at no charge from/to another government agency.

c) Revenue

Inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Registered livestock brands revenues are recognized when the brands are issued.

Livestock dealer licence revenues are recognized when the licences are issued.

Administration fees are recognized as revenue when the services have been provided.

Game farm inspection fees are recognized when the services outlined in the agreements between the Revolving Fund and the Department of Agriculture and Food are provided.

d) Use of estimates

These statements are prepared in accordance with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture, Food and Rural Revitalization Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order in Council. The maximum accumulated net expenditure of the Revolving Fund is $1,500,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/deficit as $1,000,000.

5. Net Change in Working Capital Items Related to Operations

	2007	2006
Increase in accounts receivable	$ (74,427)	$ (41,884)
Increase in accounts payable and accrued liabilities	67,498	184,472
Increase (decrease) in unearned revenue	575	(1,250)
	$ (6,354)	$ 141,338

6. Budget

The budget amounts presented in these financial statements are based on the budget approved by Treasury Board.

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	2007	2006
Financial statement category:		
Revenues	$ 52,847	$ 53,188
Expenses	303,365	400,571
Accounts payable and accrued liabilities	27,280	32,181
Accounts receivable	6,088	5,722

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these statements. In addition, the Revolving Fund pays Provincial Sales Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Recorded in Public Accounts

The net (expense) recovery of the Revolving Fund reported in the Public Accounts agrees to the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	2007	2006
Net (loss) income	$ (48,657)	$ 263,066
Amounts not included in Public Accounts due to timing	(105,682)	---
Net (expenditure) recovery reported in Public Accounts	$ (154,339)	$ 263,066

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. However, most of the receivables were collected shortly after year-end, reducing its credit risk.

c) Fair Value

Accounts receivable and accounts payable and accrued liabilities are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

10. Comparative Figures

Certain amounts for the prior year have been reclassified to conform with current year financial statement presentation.